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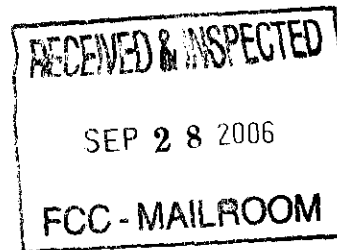
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Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

DOCKET FILE COPY ORIGINAL

Re: CC Docket No. 96-45 / Section 254(e) Certification of Highland Telephone Cooperative

September 28, 2006

Dear Ms. Dortch:

Please accept this affidavit certifying that Highland Telephone Cooperative ("Company") intends to utilize USF supports in the manner intended by the Federal Communications Commission under 47 USC 254(e) and 47 C.F.R. §54.314. Because the Company is not subject to the jurisdiction of a State, the Company makes this certification directly to the FCC as provided for in 47 C.F.R. §54.314(b).

In addition, the Company also provides herein the additional information required of Eligible Telecommunications Carriers ("ETCs") pursuant to FCC 05-46, released March 17, 2005; 47 C.F.R. §54.209. Those requirements establish additional information required by new ETC applicants as well as any company currently designated as ETC.

Please acknowledge receipt on the duplicate document attached for this purpose. All correspondence and inquiries concerning this filing should be addressed to the undersigned.

Please contact me at 423-628-2121 with any questions.

Sincerely,

Dave Crawford
Access Service Manager

Attachments

cc: Ms. Irene Flannery, Universal Service Administrative Company

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AFFIDAVIT

Under penalty of perjury under the laws of the United States, I hereby certify the following:

1. My name is John D. Nelson. I am employed by Highland Telephone Cooperative ("Company") in the position of Chief Financial Officer. In this position I am personally familiar with the manner in which the Company will use Federal Universal Service support funds ("USF");
2. The Company is not subject to the jurisdiction of a state in its Tennessee operations;
3. The Company is a "rural telephone company" as defined in 47 U.S.C. §153 (37);
4. The Company will use its USF for the provision, maintenance, and upgrading of facilities and services for which the support is intended, as designated by the Federal Communications Commission consistent with Section 254(e) of the federal Telecommunications Act. USF will be used to provide all services and functionalities supported by the federal universal service program as set forth in 47 C.F.R 54.101 including: i) Voice grade access to the public switched network; ii) Local usage; iii) DTMF signaling; iv) Single party service; v) Access to emergency services; vi) Access to operator services; vii) Access to interexchange services; viii) Access to directory assistance services; and ix) Toll limitation for qualifying consumers.

The matters addressed above are within my personal knowledge and are true and correct.

 CFO
John D. Nelson, Chief Financial Officer

Dated: 9/22/06

Highland Telephone Cooperative, Inc.
Certification – Additional Support Material

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SEP 28 2006

FCC - MAIL ROOM

Pursuant to the FCC 's Order *In the Matter of Federal-State Joint Board on Universal Service, Report and Order*, CC Docket No. 96-45, FCC 05-46, released March 17, 2005 (the "*Report and Order*"); 47 C.F.R. §54.209 Highland Telephone Cooperative (the "Company") provides the following additional information in support of its Certification:

1. **A progress report on the Company's five-year service quality improvement plan, including maps detailing its progress towards meeting its plan targets, an explanation of how much universal service support was received and how it was used to improve signal quality, coverage, or capacity, and an explanation regarding any network improvement targets that have not been fulfilled. The information shall be submitted at the wire center level. 47 C.F.R. §54.209(a)(1)**

Because it is an incumbent local exchange carrier ("ILEC"), the Company has not previously submitted a five-year service quality improvement plan. The Company is a cooperative whose customers are also its owners and accordingly, its service to those customers is highly responsive to expectations of quality service. The company has and continues to utilize its USF funds to provision, maintain, and upgrade the quality and reliability of its network consistent with the designated use of such funds.

In 2005, the Company received \$2,016,516 in USF funding for its Tennessee and Kentucky operations. Its 2005 network budget was \$2.4M for upgrades and other improvements but excluding routine maintenance expenses.

In 2005 the company achieved the following significant upgrades and improvements:

- \$339K for Central Office expansions to accommodate growth, demand for new services, and to upgrade fire and other alarming services in its central offices
- \$1.1M for ongoing fiber deployment throughout its service areas including \$24K in SONET technology for its interoffice facilities
- \$573K for new lines and broadband service deployment for end user subscribers. Much of its growth is demand is in the rural areas creating ongoing pressure for the company to construct new facilities in remote locations to fulfill service demands from its members
- \$110K for build out requirements from CMRS customers to support wireless deployments in the company's service area
- \$254K in other facilities arrangements primarily associated with diversifying existing interoffice routes to increase survivability in its network.

The Company's service area consists of 8 distinct Tennessee wire centers and two in Kentucky. Because each of its exchanges is relatively small, the company rarely differentiates between its wire centers in the expenditure of its network upgrades. Based

Highland Telephone Cooperative, Inc.
Certification – Additional Support Material

on a detailed review of work orders, two of its largest exchanges, Oneida and Huntsville, accounted for approximately half of the total network infrastructure support expended in 2005 with fiber upgrades being the leading expenditure.

The company does not have any unfilled network improvement targets and services are available to 100% of the customers in the Company's service area. Maps of the Company's service areas are included in Attachment 1 of this document.

- 2. Detailed information on any outage, as that term is defined in 47 CFR 4.5, of at least 30 minutes in duration for each service area in which an eligible telecommunications carrier is designated for any facilities it owns, operates, leases, or otherwise utilizes that potentially affect (i) At least ten percent of the end users served in a designated service area; or (ii) A 911 special facility, as defined in 47 CFR 4.5(e). 47 C.F.R. §54.205(a)(2).**

The Company reports that it had no such outages during the most recent calendar year.

- 3. Unfilled Request for Services. 47 C.F.R. §54.209(a)(3).**

The Company had no unfilled requests for service during calendar year 2005.

- 4. Number of Complaints per 1000 lines. 47 C.F.R. §54.209(a)(4).**

The Company makes its USF certification to the Kentucky Public Service Commission for its Commonwealth of Kentucky operations. During calendar 2005, the KY PSC reported three complaints / inquiries were filed with the PSC and referred to the Company. Because the Tennessee Regulatory Agency does not regulate cooperative telephone companies in that state, it keeps no records on service complaints however to the best of my information and belief, no such complaints were received. Accordingly, the Company's complaint rate per 1000 lines is approximately zero.

- 5. Service Quality Certification. 47 C.F.R. §54.209(a)(5).**

The TRA does not regulate telephone companies formed as cooperatives in the state of Tennessee. The Company believes, however, that it meets the applicable service quality standards and consumer protection rules set forth by the TRA for those ETCs which it does regulate. The Company's Kentucky operations meet all applicable standards and consumer protection rules established by the Kentucky PSC; certification of USF funds for that state is reported to the KY PSC.

Highland Telephone Cooperative, Inc.
Certification – Additional Support Material

6. Emergency Functionality Certification. 47 C.F.R. §54.209(a)(6).

The Company's network is alternately powered by an emergency generator and battery back-up in the event of a power failure. Wherever feasible, the company has diversely routed facilities between its network and the public switched network. In addition, the Company's host and remote switches are linked through a series of self-healing rings that provide for service operability in the event of an emergency or other service disruption.

The company has deployed a proven disaster management system that has allowed it to effectively respond to emergency conditions primarily due to ice storms, tornados and other weather-related situations. In addition to having the ability to get a vendor-provided portable back-up switch in the unlikely loss of an entire central office, the Company's work orders are assigned by county to allow seamless integration with FEMA and work re-prioritization to address such outages promptly.

7. Local Usage Plan Certification. 47 C.F.R. §54.209(a)(7).

As the ILEC within its service area, the Company offers an unlimited minute of use local service usage plan.

8. Equal Access Certification. 47 C.F.R. §54.209(a)(8).

The Company provides equal access to long distance carriers in compliance with applicable requirements including the Commission's requirements. The Company acknowledges that the Commission may continue to require it to provide equal access to long distance carriers in the event that no other eligible telecommunications carrier is providing equal access within the service area.

I, John D. Nelson, Chief Financial Officer of Highland Telephone Cooperative, Inc. (the "Company"), do hereby declare under penalties of perjury that I have read the foregoing and the information contained therein regarding the Company is true and accurate to the best of my knowledge, information, and belief.


John D. Nelson, Chief Financial Officer

Date: 9/22/06